ITT Generosity Long-Standing And Bipartisan

By Morton Mintz
Washington Post Staff Writer

The International Telephone and Telegraph Co. has been kind to Democrats, too, even though it is getting some bad publicity at the moment for allegedly making an unusually generous offer to help finance the Republican National Convention so as to get leverage on the Justice Department for a favorable ruling on a merger case.

One example of ITT's spirit of bipartisanship—a spirit shared, it should be noted, by many large corporations, banks, labor unions and trade associations—dates back to 1960.

The president of ITT, then as now, was Harold S. (Hal) Geneen. He and two former ITT vice presidents, J. T. Naylor and William Marx, figure prominently in the story of ITT's bipartisan generosity.

Naylor, in a sworn affidavit filed with the Senate Rules Committee and the Justice Department, said that Marx told him in October, 1960, that ITT wanted "to 'butter' both sides so we'll be in a good position whoever wins."

Naylor said Marx also told him, "Hal and the board have a program that is very important to political protection and business development. Hal has given me a selected list of top executives to contribute to the election campaign. You are down for $1,200.

"This can be financed for you by the company if necessary . . . You will be expected to recover the amount by covering it up in your traveling expense account."

(The Corrupt Practices Act of 1925 prohibits gifts by corporations, either direct or indirect. In 1969 and 1970 the Justice Department, acting on investigations initiated in the Johnson administration by the Internal Revenue Service, instituted several prosecutions for indirect corporate giving.)

Several days later, on Oct. 18, Naylor swore, Marx introduced him to Robert G. (Bobby) Baker, then secretary to the Senate majority, and then left him alone with Baker and ITT's then vice president and counsel M. R. Mitchell.

Mitchell told him, Naylor said in the affidavit, 'Please make out your check in favor of the 'Texas Business and Professional Men's Committee for Johnson for Vice President'."

Naylor said he was initially reluctant, but finally yielded. His check, for the requested $1,200, was deposited on Nov. 10, two days after Lyndon B. Johnson was elected vice president, the affidavit said.

Naylor never tried to recover the money from ITT. This led to a bitter confrontation with Geneen in March, 1961. The ITT chief told him, Naylor said, "Everybody does it and the board wanted it this way. It is 'paying off big in Washington.'"

Marx has denied that he ever solicited campaign contributions. The Justice Department said that the FBI and a grand jury had found no basis for a prosecution. Naylor left ITT years ago.

Whether Washington was "paying off big" was never proved. Certainly, however, ITT officers and directors did not damage their access to government officials whan they—along with thousands of others—gave substantial sums to the President's Clubs after Johnson became President.

But there doesn't seem to have been any payoff at the Justice Department in 1966, ITT, when seeking to effect the biggest broadcasting merger in history, won approval from Federal Comquire American Broadcasting Co.

The merger set off a furor, led first by three dissenters on the FCC (Robert Bartley, Kenneth Cox and Nicholas Johnson) and then by others, principally, Sens. Gaylord Nelson (D-Wis.) and Wayne Morse (D-Ore.).

On the eve of FCC approval, the Justice Department entered the case, on antitrust grounds, and forced the FCC to hold a full hearing (the first one was a so-called oral hearing).

The battle got so rough that Antitrust Division attorneys — orally and in briefs — charged that Harold Geneen and other top ITT officials had misrepresented crucial facts in testimony given under oath. The officials, along with others from ABC who were similarly accused, denied the charge.

In the end, the FCC approved the merger anew. The Justice Department appealed to the U.S. Court of Appeals, in a brief entitled, "United States of America v. Federal Communications Commission." On Jan. I, 1968, while the appeal was pending, ITT abandond the merger effort.